



For Immediate Release

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Senator Gregg Plans to Offer Mortgage Forgiveness Amendment to Farm Bill

Senator Judd Gregg, ranking member of the Senate Budget Committee, today filed an amendment to the 2007 Farm Bill that will help millions of American homeowners hurt by the downturn in the housing market. Senator Gregg plans to offer the amendment to the Farm Bill at the earliest opportunity.

“Losing one’s home is a terrible and traumatic experience,” said Senator Gregg. “Unfortunately, the current downturn in the housing market is negatively impacting millions of homeowners, and foreclosures are rising dramatically. As lenders and homeowners attempt to work out alternative payment plans to avoid foreclosure, it is utterly inappropriate for the government to profit from this situation. The last thing a distressed homeowner needs after months of legal wrangling is an additional tax bill from the IRS.”

As home prices and home sales have dropped precipitously across the country, more than 600,000 U.S. homes are currently in foreclosure and more than 3 million Americans are currently behind on their mortgage payments. Senator Gregg’s amendment, which is co-sponsored by Senators John Sununu (R-NH) and Wayne Allard (R-CO), would encourage individuals and their lenders to negotiate a solution to avoid additional foreclosures by offering temporary tax relief.

The Gregg amendment would permit any homeowner who obtained a mortgage before January 1, 2007 to receive mortgage forgiveness from their lender, tax free. The amendment also would cover restructured mortgage agreements entered into after January 1, 2007 and before December 31, 2009. The tax forgiveness would be available on mortgage indebtedness of up to \$1 million.